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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/791,149	03/01/2004	Richard Postrel	370-029	3159

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EXAMINER

BAIRD, EDWARD J

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/791,149	Applicant(s) POSTREL, RICHARD	
	Examiner Ed Baird	Art Unit 3695	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 6 Nov MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 06 November 2008.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-22 is/are pending in the application.
- 4a) Of the above claim(s) 11-20 is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-10, 21 and 22 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>6 November 2008</u> . | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Applicant has amended no claims. No claims were added; no claims were canceled. Claims 11 – 20 had been canceled prior to last office action. Thus, claims 1 – 10, 21 and 22 remain pending and are presented for examination.

Continued Examination Under 37 CFR 1.114

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 06 November 2008 has been entered.

Response to Arguments

2. Applicant's arguments filed 6 November 2008 have been fully considered but they are not persuasive.

3. Applicant argues prior art **Harris** reference cited by the Examiner has nothing to do with the utilization of reward points that are stored in a reward account database in a central reward server so that the user can accumulate them and redeem them when desired. [Remarks page 7, last paragraph]. However, Examiner respectfully disagrees.

Although **Harris** reference does not disclose reward points as such, **Harris'** discount credit system is for obtaining goods and services from participating authorized merchants [column 3 lines 33 – 37]. He further discloses enrollment being offer preferably to clients whose accounts are in good standing [column 3 lines 50 – 54]. Having accounts in “good standing” as disclosed here by **Harris** is a reason for offering discounts (i.e. rewards) from his discount credit

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system. He further discloses, in his background of the invention, affinity programs wherein the holder of a transaction card receives a **benefit** (emphasis added) each time the card is used to pay for merchandise [column 1 lines 52 – 55]. Examiner interprets benefit as analogous to Applicant's reward.

4. Applicant argues the database described by **Harris** [column 4 lines 7-22] is set up simply to track each user's name, address, and membership number (e.g. his or her VISA card number) - but there is no reference to tracking data regarding reward points [Remarks page 8, last paragraph]. Examiner acknowledges Applicant's remarks but affirms that the **Walker** reference discloses the deficiencies of **Harris**.

Walker discloses a frequent shopper reward method and system capable of tracking performance data for a plurality of members linked to a frequent shopper account [column 2 line 66 – column 3 line 7]. He discloses the **frequent shopper database** comprising a plurality of data objects indicative of the type and membership of a frequent shopper account, including demographic profile data, transaction profile data, reward level and other information associated with each member [column 4 lines 40 – 67 and column 6 lines 10 – 20]. Motivation to combine these two references is so that a user can formulate incentive programs tailored to particular demographic groupings, regardless of the account affiliation of a particular member [**Walker** column 6 line 64 – column 7 line 2]. Thus, there is desirability to provide reward points [Remarks page 11, 1st paragraph] as disclosed by **Walker**.

5. Applicant argues the **Harris** reference [column 11, lines 16-23] disclosure of “issuing credit for a certain discount percentage” is not the same as the required adding reward points to a user reward point account [Remarks page 11, 2nd paragraph]. However, Examiner respectfully disagrees. As Examiner has discussed above, offering a discount as disclosed by **Harris** is a benefit and is thus analogous to Applicant's reward.

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6. Applicant argues that there is no teaching or suggestion, or desirability indicated, that **Harris** would want to include reward points to allow merchants to reward a customer for continued patronage based over a period of time [Remarks page 12, 2nd paragraph]. However, Examiner respectfully disagrees as already discussed.

7. Applicant argues the central reward server of claim 1 of the instant invention contains a database in which **each** of a plurality of independently operating merchants have a **plurality of individual user reward point accounts** [Remarks page 12, 2nd paragraph]. However, Examiner respectfully disagrees.

Walker discloses the frequent shopper database which may comprise a centralized database that stores information associated with all frequent shoppers participating in a particular frequent shopper program or promotion [column 8 lines 18 – 45]. Examiner interprets each frequent shopper as having a separate account.

8. Applicant argues that there is no teaching or suggestion of creating a database where reward point information is stored for each customer [Remarks page 13, 1st paragraph]. However, Examiner respectfully disagrees.

Walker discloses along with a frequent shoppers [sic] database, a frequent shopper's [sic] rules database [column 8 lines 18 – 45]. He further discloses that the system continually updates and refines the information related to "each member or account holder" (emphasis added) so that the reward structure associated with that member or account holder is refined in a manner likely to induce loyalty in that member or account holder to the products and/ or services offered by "a participating merchant" (emphasis added) [column 11 lines 1 – 6]. Examiner affirms *member or account holder* as analogous as Applicant's **customer**.

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9. Applicant argues claim 2 is patentable for at least the same reasons set forth above with respect to claim 1 [Remarks page 14, 1st paragraph]. However, Examiner respectfully disagrees base on the above discussion.

10. Applicant argues that **Harris** does not disclose an exchange account as claimed in claim 3 of the instant invention [Remarks page 14, 2nd paragraph]. Examiner acknowledges Applicant's remarks but affirms that the **Walker** reference discloses the deficiencies of **Harris**.

Harris discloses obtaining the benefits (i.e. rewards) of the discount credit network [column 6 lines 38 – 50].

Walker however, presents the concept of encouraging account usage by enhancing, **points or rewards** (emphasis added) for new members for an introductory period [column 7 lines 12 – 30]. He uses an example of affinity reward points such as frequent flyer miles associated with a member's account [column 7 lines 24 - 30]. Examiner affirms this is indicative of **exchange account** as claimed by Applicant in claim 3.

11. Applicant argues that **Harris** fails to disclose reward points being selected from a plurality of user reward point accounts for exchange into the reward point exchange account [Remarks page 15, 1st paragraph]. Examiner acknowledges Applicant's remarks but affirms that the **Walker** reference discloses the deficiencies of **Harris** as discussed above.

12. Applicant argues that the **Walker** patent relates only to a reward point system that provides for tracking multiple "sub-account holders" linked to a single reward account [Remarks page 15, 2nd paragraph through page 18] which is not analogous to Applicant's plurality of user reward point accounts . However, Examiner respectfully disagrees in that a multiplicity of single reward point accounts is inherent as discussed throughout **Walker**. Specifically, **Walker** discloses affinity reward points such as frequent flyer miles [column 7 lines 24 – 30] which were well known in the art at the time of the invention and applicable to a plurality of accounts.

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13. Applicant argues that nowhere in any of the cited references is it suggested that reward points may be select reward points from each of a plurality of user reward point accounts associated with different independently operating merchants for exchange into a reward point exchange account, and then those selected reward points aggregated into the reward point exchange account, as set forth in claim 3 [Remarks page 18, last paragraph]. However, Examiner respectfully disagrees in that **Walker** disclose such [column 7 lines 12 – 30 and lines 24 - 30] as discussed above.

14. Applicant requests clarification regarding the **Harris** reference teaching aggregation of selected reward points from multiple reward point accounts into a reward point exchange account as required by claims 3 and 5 [Remarks page 19, mid-page]. Again, Examiner acknowledges Applicant's remarks but affirms that the **Walker** reference discloses the deficiencies of **Harris** as discussed above.

15. Applicant argues that claims 6, 7, 8, 9, 10, 21 and 22 all depend from claim 1 and are patentable for at least the reasons set forth with respect to claim 1 [Remarks page 20, 3rd paragraph]. However, Applicant respectfully disagrees based on the above arguments.

Claim Rejections - 35 USC § 101

16. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

17. Claims 1 -10, 21 and 22 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory subject matter.

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18. **Claims 1 – 10, 21 and 22** are method or process claims which must satisfy one of the following two conditions in order to comply with 35 U.S.C. § 101: (1) they must be tied to another statutory class of invention (such as a particular apparatus or system for performance of the claimed process) or (2) they must transform underlying subject matter (such as an article or materials) to a different state or thing,.

The method recited in claim 1, the independent claim, fails to (1) be tied to another statutory class of invention or (2) transform underlying subject matter to a different state or thing. *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972). There is no recitation within the claims to indicate that the steps that comprise the method are nothing but mental steps performed within the mind of a person. Also, the dependent claims, claims 2 – 10, 21 and 22, do not rectify the independent claim.

Claim Rejections - 35 USC § 103

19. The following is a quotation of 35 U.S.C. 103 (a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

20. Claims 1 – 3, 5 – 7, 21, and 22 are rejected under 35 U.S.C. 103(a) as being unpatentable over **Harris et al** (US Patent No. 6,014,635) in view of **Walker et al** (US Patent No. 6,327,573).

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21. Regarding **claim 1, Harris** teaches a method and a system which rewarding customers with discounts for utilizing participating authorized merchants. The system and method are used in conjunction with a credit card network [column 3 lines 34 – 57] , comprising:

- a. providing a reward point account database in a central reward server operating in association with the card network, [column 4 lines 7 – 22 and lines 41 – 57 - Examiner interprets *discount credit system* as a reward/ benefit system similar to Applicant's **reward point system**],

- the central reward server enabling a plurality of independently operating merchants [column 5 lines 36 – 40]

- to each have a plurality of individual user reward point accounts [column 6 lines 51 – 56 – Examiner notes *membership accounts* as analogous to Applicant's **individual user reward point accounts**]

- stored in said reward point account database and associated with said independently operating merchant [column 4 lines 7 – 22 - Examiner interprets *client* as analogous to Applicant's **merchant**; Examiner interprets *customer or member* as analogous to Applicant's **individual user**],

- b. a user executing a purchase transaction with a transacting merchant selected from said plurality of independently operating merchants by presenting to the transacting merchant a credit card for payment of the transaction [column 5 lines 16 – 19];

- c. the transacting merchant requesting an acquiring bank to obtain approval of said purchase transaction from an issuing bank [column 8 lines 12 – 18, and Figure 1 – Examiner interprets *settlement transactions* as Applicant's **request to obtain approval**. Examiner interprets *merchant bank* as analogous to Applicant's **acquiring bank**. Examiner interprets *card issuing bank* as analogous to Applicant's **issuing bank**]; and

- d. the transacting merchant instructing the central reward server to add reward points to a user reward point account associated with the transacting merchant and the user [column 11 lines 16 – 23, and Figure 6 – Examiner interprets *issuing credit for a certain discount percentage* as analogous to Applicant's **adding reward points to a user reward point account**].

Harris does not disclose **reward points** as such in his discount credit system. However, **Walker** discloses a method enabling a frequent shopper to acquire or earn reward points [Abstract, column 4 lines 16 – 62, and column 10 line 12 – 23 - Examiner notes a *reward point increase attribute* as analogous to Applicant's **adding reward points**].

Therefore, it would have been obvious to a person having an ordinary skill in the art at the time of the instant invention to modify **Harris'** invention to include *reward points* into his method and system as taught by **Walker** because it would allow user/ merchant to formulate incentive programs tailored to particular demographic groupings, regardless of the account affiliation of a particular member [**Walker** column 6 line 64 – column 7 line 2] thus creating incentives for customer patronage [column 1 lines 11 – 20].

22. Regarding **claim 2**, **Walker** teaches redeeming reward points from the user reward point account by:

- the user executing a purchase transaction with a redeeming merchant
- the user utilizing reward points from at least one of the user reward point accounts associated with the user for the purchase transaction;
- the redeeming merchant instructing the central reward server to reduce the user reward point account associated with the user by the amount of reward points used in the transaction [column 6 lines 21 – 45 – Examiner interprets the *transactional profile which*

contains a purchase history and a reward history as indicative of Applicant's **user utilizing reward points**].

Therefore, this claim is rejected for the same reasons as claim 1.

23. Regarding **claim 3, Harris** teaches:

- establishing a reward point exchange account on the central reward server [column 4 lines 6 – 22 and 41 – 57 – Examiner notes Harris discloses both a *passive* and an *active* enrollment method as analogous to Applicant's **establishing** a reward point exchange account];
- selecting reward points from each of a plurality of user reward point accounts associated with different independently operating merchants for exchange into the reward point exchange account [column 5 lines 35 – 40];

Harris does not specifically disclose aggregating **reward points**.

However, **Walker** discloses:

- aggregating the selected reward points into the reward point exchange account [column 4 lines 54 – 63 and column 6 lines 21 – 45 - Examiner notes *rewards* or *reward points* being earned and being redeemed by account holders. Examiner interprets *earning rewards* as indicative of Applicant's **aggregation the selected reward points**].

Therefore, it would have been obvious to a person having an ordinary skill in the art at the time of the **Harris'** invention to include **aggregating reward points** into his method and system as taught by **Walker** because it would allow merchant to reward a customer for continued patronage based over a period of time.

24. Regarding **claim 5, Harris** teaches:

- establishing a cluster of independently operating merchants, each of which have user reward point accounts established with the reward point account database in the central reward server [column 3 lines 58 – 65];

- allowing aggregation of points from each of the independently operating merchants in the cluster into the reward point exchange account [column 3 lines 58 – 65 – Examiner notes that *participating vendors* represent Applicant's **cluster of merchants**]; and
- disallowing aggregation of points from a merchant not a member of the cluster [Examiner interprets that *participating vendors, who become authorized merchants and agree to offer their goods or services to the participants of the discount credit system* as indicative of Applicant's disallowing merchants who are not authorized i.e. those who are **not a member of the cluster**].

25. Regarding **claim 6, Harris** teaches:

- allowing for redemption of aggregated reward points only with redeeming merchants that are members of the cluster [column 3 line 66 – column 4 line 3 - Examiner interprets *receiving a percentage discount* as Applicant's **redemption of aggregated reward points**. Examiner interprets *a participant* as including Applicant's redeeming merchants who are **members of the cluster**].

26. Regarding **claim 7, Harris** teaches:

- reward point exchange account is administered by the **card network operator** [column 1 lines 52 – 55 - Examiner interprets *affinity programs* as programs containing accounts representing Applicant's **reward point exchange accounts**. Examiner interprets **card issuers** as equivalent to Applicant's **credit card network operator**].

27. Regarding **claims 21 and 22, Walker** teaches the user executing the redemption purchase transaction

- completely with reward points, or

- partially with reward points from the reward point account and partially with other consideration [column 2 lines 25 – 30 – Examiner interprets *allocating at least a portion* of the determined *reward level* as analogous to Applicant's redemption **completely with or partially with reward points**].

Therefore, these claims are rejected for the same reasons as claim 2, the claim upon which these claims depend.

28. Claims 4 is rejected under 35 U.S.C. 103(a) as being unpatentable over **Harris** in view of **Walker** as applied to claim 3, in further view of **Klayh** (USPub. No. 2003/0050831).

29. Regarding **claim 4**, neither **Harris** nor **Walker** explicitly discloses redeeming aggregated reward points from the reward point exchange account.

However, **Klayh** teaches:

- the user executing a purchase transaction with a redeeming merchant;
- the user utilizing aggregated reward points from the reward point exchange account for the purchase transaction;
- the reward point exchange account being reduced by the number of aggregated reward points utilized for the purchase transaction.

Klayh discloses an embodiment of his method which controls a customer reward system [0023] by:

- establishing merchant, customer and administrator loyalty point databases [0024],
- depositing loyalty points in a designated customer's database [0025],

- redeeming loyalty points for goods or services [0026 - Examiner interprets *redeeming loyalty points* as Applicant's **redeeming aggregated reward points**], and
- decrementing a further predetermined number of loyalty points from the database of the merchant and incrementing the database of the administrator by the further predetermined number of loyalty points [paragraph 0027 - Examiner interprets *decrementing loyalty points* as Applicant's **reducing the number of aggregated reward points**].

Therefore, it would have been obvious to a person having an ordinary skill in the art at the time of the **Harris** invention to include **Klayh's** disclosure into his system because it promotes customer loyalty to a particular credit card issuer.

30. Claims 8 and 9 are rejected under 35 U.S.C. 103(a) as being unpatentable over **Harris** in view of **Walker** as applied to claim 3, in further view of **Official Notice**.

31. Regarding **claim 8 and 9**, neither **Harris** nor **Walker** does not explicitly disclose:

- reward point exchange account being administered by an **issuing bank** (claim 8) or an **acquiring bank** (claim 9).

Examiner takes **Official Notice** that banks which have issued credit cards (i.e. **issuing banks**), or banks which collect payments on credit cards (i.e. **acquiring banks** as defined in claim 1) are typically one in the same. Examiner notes Boeing Employees Credit Union which has a **Visa Credit Card** program which offers frequent flyer miles for using the credit card for any purchases made with it. This is old and well known in the art.

Examiner notes that a credit union is equivalent to the Applicant's issuing bank or acquiring bank.

Therefore, this claim is rejected on the same grounds as claim 3, the claim upon which they depend.

32. Claim 10 is rejected under 35 U.S.C. 103 (a) as being unpatentable over **Harris** in view of **Walker** as applied to claim 3, in further view of **Blagg** et al (US Patent No. 7,076,465).

33. Regarding **claim 10**, neither **Harris** nor **Walker** explicitly discloses aggregating reward points into the central exchange reward point account. However, **Blagg** teaches:

- reward points from an independent reward point system being aggregated into the central exchange reward point account [column 27 line 63 – column 28 line 14 - Examiner interprets key account and group account as analogous to Applicant's independent reward point system and central exchange reward point account, respectively].

Therefore, it would have been obvious to a person having an ordinary skill in the art at the time of the **Harris'** invention to include **Blagg's** disclosure into his system because grouping reward points together would allow users more product and service options when redeeming reward points.

Cited Prior Art

34. The prior art of record and not relied upon is considered pertinent to applicant's disclosure:

- **Jack et al**: "Computerized incentive program with plateau pricing and remote award redemption" (US patent No. 5,915,244). This invention deals with a computerized

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incentive program which can convert a price of each of a plurality of awards into award levels.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Ed Baird whose telephone number is (571)270-3330. The examiner can normally be reached on Monday - Thursday 7:30 am - 5:00 pm Eastern Time.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Charles R. Kyle can be reached on 571-272-6746. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Ed Baird/
Examiner, Art Unit 3695

/Narayanswamy Subramanian/
Primary Examiner, Art Unit 3695